

Building on Over
a Century's Experience.



Tin Mining in the Malay States, 1887



Contents

Cover Rationale

The visual of the old navigation globes and miners represent an age when mining was the main economic activity of the country – the foundation upon which our nation grew. Wrapped around the cover, the translucent jacket depicts our roots and humble beginnings. Inside, images of mining and sustainable development activities depict MSC's achievements in becoming the world's largest supplier of tin as well as a caring, corporate citizen dedicated to the betterment of the community and environment. The jacket embracing the cover affords a visual narration of our growth through the years.

Vision, Mission and Core Values	2
MSC Group Business Profile	3
Notice of Annual General Meeting	4
Corporate Information	5
Group Financial Highlights	6 – 7
Board of Directors	8
Directors' Profile	9 – 12
Statement by the Chairman & the Group Chief Executive Officer	13 – 21
Review of the Global Tin Industry	22 – 28
Sustainable Development at PT Koba Tin, Indonesia	29 – 32
Statement on Corporate Governance	33 – 38
Audit Committee	39 – 40
Audit Committee Report	41 – 42
Statement on Internal Control	43 – 44
Financial Statements	45 – 95
List of Properties of the Group	96
Tin Statistics	97 – 99
Shareholdings Statistics	100 – 102
Proxy Form	



VISION

- To be a successful world-class organization in its integrated core businesses of mining, smelting, manufacturing and global marketing for tin and tin-based products delivering sustainable shareholder value through quality operations.

MISSION

- Whether in the upstream or downstream sectors of the world tin industry, the name MSC will be synonymous with creativity, value, service and quality.
- MSC Group will be a creative organization, caring about its employees and its customers.
 - We will provide the highest levels of service to all the Group's suppliers and customers by participating and contributing solutions and values in all stages of the world tin supply chains - mining, smelting, refining, recycling, products transformation, engineering and marketing;
 - We will respond quickly and sensitively to the changing needs of the Group's suppliers and customers;
 - We aim to nurture an atmosphere of continuous self-development by emphasizing on training and development while adhering to the highest standard of integrity.
- MSC Group's growth strategy is to leverage on its core competencies to focus on organic growth as well as on strategic acquisitions that will broaden the Group's core businesses and strengthen its global leadership position in both upstream and downstream sectors of the world tin industry.

CORE VALUES

- Intellectual honesty and integrity.
- Adding value through innovation and continuous improvement.
- Global perspective and competitiveness spirit.
- Respect for the environment and the health and safety of its employees.
- Creating sustainable shareholder value through quality operations.

A handwritten signature in black ink, appearing to read 'Ajib Anuar', is written over a light grey circular grid pattern.

DATO' DR MOHD AJIB ANUAR
GCEO/Executive Director

MALAYSIA SMELTING CORPORATION BERHAD (43072-A)

27, Jalan Pantai, 12000 Butterworth, Malaysia. Tel: 604-333 3500 Fax: 604-332 6499 E-mail: mssc@msmelt.po.my
B-15-11, Block B, 15th Floor, Unit 11, Megan Avenue II, 12, Jalan Yap Kwan Seng, 50450 Kuala Lumpur, Malaysia.
Tel: (+60-3) 2166 9258-61 Fax: (+60-3) 2166 6599 E-mail: mssck@pojaring.my



MSC GROUP BUSINESS PROFILE



Gravel pump gantry.



Palong cleaning.



Revolving screen discharge.

The MSC Group is currently one of the world's largest integrated producers of tin metal and tin-based products. The Group's combined production of 57,270 tonnes of tin metal from its Malaysian and Indonesian smelting operations in 2004 had positioned it as the world's largest supplier of tin metal and tin based products, having contributed about 18% to the world's production during the year.

From its origin as a custom tin smelter established in 1887, the MSC Group has transformed itself to become a global integrated tin producer with investment at every stage of the global tin supply chain from exploration, on-shore dredging and open pit alluvial mining, smelting and refining, solder products manufacturing to international marketing and trading of tin metal and tin-based products.

With over a century's smelting excellence to its credit, the Group's smelting facility in Butterworth operates one of the most cost efficient smelting plants in the world converting primary, secondary and often complex tin bearing ores into high purity tin metal for industrial application. The plant has a production capacity of approximately 35,000 tonnes of refined tin a year. MSC Straits refined tin brand which is registered at London Metal Exchange (LME) and Kuala Lumpur Tin Market (KLTM) is widely accepted worldwide and has purity ranging from the standard Grade A (99.85% Sn) to the premium grade electrolytic tin (99.99% Sn).

The Group's Indonesian operations are primarily undertaken through its two subsidiaries - 75% owned PT Koba Tin and wholly owned PT MSC Indonesia. PT Koba Tin operates two dredges and gravel-pump mining units in rich alluvial grounds within an area of 41,680 hectares under a contract of work agreement with the Government of Republic of Indonesia. PT Koba Tin has its own smelter with a production capacity of 25,000 tonnes of refined tin a year and produces the premium grade Koba brand (99.9% Sn) which is also widely consumed as a premier brand with superior quality.

PT MSC Indonesia is the Group's vehicle undertaking major exploratory programmes to search for new tin deposits in Indonesia under production sharing agreements with local Indonesian counterparts. PT MSC Indonesia has entered into four exploration and production sharing agreements covering a total prospective area of approximately 16,000 hectares in Bangka Island, Indonesia.

The Group has also gained a foothold in the Australian tin mining industry with its 35% equity interest in Australia Oriental Minerals NL (AOM), formerly known as Marlborough Resources NL. AOM is currently undergoing corporate restructuring to raise capital to finance exploration and development of prospective and potential tin mining areas in Australia.

The Group's latest strategic investment is in its wholly-owned subsidiary Rahman Hydraulic Tin Sdn. Bhd. (RHT), Malaysia's long established and largest operating open-pit alluvial tin mine. Currently exploration works and expansion plans for the milling/concentrator circuit and recovery operations are in the pipeline in order to transform RHT to become once again, a significant tin producer.

In the downstream sector, the Group has a 40% equity interest in Redring Solder (M) Sdn Bhd. Redring Solder's principal activities are the manufacture and sale of solder products for jointing and semi-conductor applications in the electrical and electronic industries.

MSC will continue to focus its growth strategy on its core business through strategic acquisitions and organic growth where its core expertise, skills and capabilities can add value and make a difference particularly in increasing operating efficiencies, innovating products and services and forging global commercial networks. Strategic acquisitions will offer significant synergies and strategic fit in optimizing MSC's sourcing capability and in aligning the group companies' marketing strategies in the global market place. The Group's core expertise in geology, mining, mineral processing, smelting and resource management will continue to be developed to achieve efficiency improvements and cost reductions to position the Group as one of the world's lowest cost producers of tin metal and tin-based products.

The Company is currently the subject of an unconditional take-over offer by Straits Trading Amalgamated Resources Sdn Bhd, a wholly-owned subsidiary of The Straits Trading Company Limited (STC). On 17 March 2005, the STC Group had increased its equity interest in the Company from 48.19% to 50.20% and the Company had become a subsidiary of STC. As tin mining and smelting has always been one of the core business operations of the STC Group, the future prospects of MSC remains promising with the STC Group expressly stating its commitment to invest its resources in this sector globally.